

**TARZANA SAFARI WALK
BUSINESS IMPROVEMENT DISTRICT
2013-2017**

*Renewed pursuant to Section 36600 et seq. of the California Streets and Highways Code
The Property and Business Improvement District Law of 1994*

**DISTRICT
ASSESSMENT ENGINEER'S
REPORT**

ATTACHMENT A

*Prepared by
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MAY 8, 2012

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the proposed Tarzana Safari Walk Business Improvement District ("Tarzana PBID") being renewed for 5 years will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



A handwritten signature of Edward V. Henning in black ink.

Edward V. Henning

RPE #26549 5-8-12
Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

Introduction

This report serves as the "detailed engineer's report" required by Section 4(b) of Article XIII D of the California Constitution (Proposition 218) to support the benefit property assessments proposed to be levied within the Tarzana PBID in the City of Los Angeles, California being renewed for a 5 year period. The discussion and analysis contained within constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the Tarzana PBID.

NOTE: The terminology "identified benefiting parcel" or "property" is used throughout this report pursuant to SB 919 - "Proposition 218 Omnibus Implementation Act" which clarified portions of Prop 218. It provides the Engineer and District Consultant with the ability to actually identify individual parcels which will specially benefit directly either in whole or in part from the proposed District funded programs and improvements and does not imply that all parcels receive assessable benefits.

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Background

The Tarzana PBID is a property-based benefit assessment type district being renewed pursuant to Section 36600 et seq. of the California Streets and Highways Code, also known as the Property and Business Improvement District Law of 1994 (the "Act"). Due to the benefit assessment nature of assessments levied within a PBID, district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of program benefit each property is expected to derive from the assessments collected. Within the Act, frequent references are made to the concept of relative "benefit" received from PBID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from PBID funded programs and activities may be assessed and only in an amount proportional to the relative benefits expected to be received.

The method used to determine special benefits derived by each identified property within a PBID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the Tarzana PBID, the benefit unit may be measured in linear feet of primary street frontage or parcel size in square feet or building size in square feet or number of building floors or proximity to major corridors in average linear feet, or any combination of these factors. Quantity takeoffs for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the PBID in order to determine any levels of different benefit which may apply on a parcel-by-parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different "weights" or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, District administration and ancillary program costs, are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment Districts, indirect or general benefits may not be incorporated into the assessment formula and levied on the District properties; only direct or "special" benefits and costs may be considered. Indirect or general benefit costs, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a "net" cost figure. In addition, Proposition 218 no longer automatically exempts government owned property from being assessed and if special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments.

From this, the value of a basic benefit unit or "basic net unit cost" can be computed by dividing the total amount of

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estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionally or “spread” amongst all properties within the PBID.

The method and basis of spreading program costs varies from one PBID to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the District. PBIDs may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable or “stepped-down” benefits derived.

Supplemental Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the Tarzana PBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIIIID of the California Constitution.

Since Prop 218 provisions will affect all subsequent calculations to be made in the final assessment formula for the Tarzana PBID, Prop 218 requirements will be taken into account. The key provisions of Prop 218 along with a description of how the Tarzana PBID complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII of the California Constitution):

Finding 1. From Section 4(a): “Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed”

There are currently 38 “identified” parcels within a single benefit zone within the renewed Tarzana PBID that will derive special benefit from the proposed District programs and activities. The benefits are special and unique only to the identified properties within the proposed District because programs and services (i.e. streetscape services; district identity/marketing/promotions; administration/corporate operations; and, contingency/reserve) will only be provided directly for the identified properties. These identified benefiting parcels are located within the PBID perimeter boundary which is shown on the Boundary Map included in the Management District Plan and are listed as an attachment to the Plan and this Report - identified by assessor parcel number. Any future land developments and/or land subdivisions will adhere to the assessment rate structures described herein. It is noted that any change in assessment formula methodology or rates other than as stipulated in this Report would require a new Proposition 218 ballot procedure in order to approve any such changes.

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The Tarzana PBID includes all parcels fronting on Ventura Blvd between Burbank Blvd/Crebs Avenue on the west and Reseda Blvd on the east. The District is one parcel deep along Ventura Boulevard. The identified parcels currently are a mix of retail, office, and parking uses. Services and improvements will be provided for parcels with Ventura Boulevard frontages as well as intersecting side street frontages for the retail, parking, and office uses within the District.

The zoning and land uses to the north and south of the parcels fronting on Ventura Boulevard are predominantly residential. Consistent with State PBID law that presumably concludes that parcels zoned solely residential do not benefit from PBID funded improvements and activities, the District only extends one parcel deep along Ventura Boulevard and thereby, excludes any and all residential zoned parcels and/or land uses.

Northern Boundary: The northern District boundary is generally bounded by the southerly line of the alley that lies north of, and approximately parallel to, Ventura Boulevard between Reseda Boulevard and Yolanda Avenue and from Yolanda Avenue to Burbank Boulevard. The parcels north of this alley are primarily zoned residential. Commercial zoning along the Ventura Boulevard Corridor is generally only one parcel deep north to the alley with the exception of Parcel No. 2160-006-037 which extends north to Clark Street and truncates the east/west alley at its east and west boundaries. This parcel is zoned both C2-1L and R3-1. The northern portion of this parcel is used primarily for commercial parking and, even though it is partially zoned residential, no residential units exist nor are proposed on this parcel. Therefore, the entire land area of this parcel is included in the renewed PBID.

All of the District services provided, such as trash removal, landscape upkeep and weed abatement are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each identified parcel within the District they provide particular and distinct benefits to each of the assessed parcels within the District. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded by District assessments, improvements and services will only be provided to individual identified assessed parcels within the boundaries of the District.

Eastern Boundary: The eastern boundary of the District is the centerline of Reseda Boulevard. While the properties east of Reseda Boulevard are commercial, these properties are not considered part of the Tarzana community central business District and have different marketing needs and would not receive benefits from the improvement and activities to be provided to the District. The businesses to the east represent a different culture that do not promote the pedestrian friendly environment of the District. The District has the unique designation of being a pedestrian oriented area according to the Los Angeles Department of City Planning. The type of retail and commercial activities allowed in the District are more restrictive than would be permitted for the commercial establishments to the east.

All of the District services provided, such as trash removal, landscape upkeep and weed abatement are services that

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are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each identified parcel within the District they provide particular and distinct benefits to each of the assessed parcels within the District. In order to ensure that parcels outside of District will not receive special benefits from the unique improvements and services funded by District assessments, improvements and services will only be provided to individual assessed parcels within the boundaries of the District.

Southern Boundary: The southern boundary of the District is the northerly line of the alley that lies south of, and runs parallel to, Ventura Boulevard from Crebs Avenue east to the west property line of parcel APN 2161-026-002, and then east along said northerly alley line from Yolanda Avenue to Reseda Boulevard. The southern boundary also includes the south property line of said parcel APN 2161-026-002 (northerly line of Redwing Street) east to Yolanda Avenue. The parcels south of the south district boundary are zoned primarily residential with residential land uses. It is noted that parcel APN 2161-026-003 is an airspace parcel that partially overlays parcel APN 2161-026-002 and is reserved for future residential condominium development. This elevated parcel is excluded from the renewed PBID in that its near-term future land use will be residential in nature which will not benefit from PBID funded improvements and activities which are designed to benefit the retail, office and related commercial parking uses within the District.

All of the District services provided, such as trash removal, landscape upkeep and weed abatement are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each parcel within the District they provide particular and distinct benefits to each of the assessed parcels within the District. Each assessed parcel within the District receives these benefits and is assessed regardless of property use. In order to ensure that parcels outside of District will not receive special benefits from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District.

Western Boundary: The western boundary of the District is the centerline of Burbank Boulevard/Crebs Avenue. While the properties to the west are commercial, the businesses to the west represent a different culture with auto related uses and other businesses that do not promote the pedestrian friendly of the District. These properties are not considered part of the Tarzana community central business District and have different marketing needs and would not receive benefits from the improvement and activities to be provided to the District. The District has the unique designation of being a pedestrian oriented area according to the Los Angeles Department of City Planning. The type of retail and commercial activities allowed in this pedestrian oriented area are more restrictive than would be permitted for the commercial establishments to the east.

All of the District services provided, such as trash removal, landscape upkeep and weed abatement are services that

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are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each parcel within the District they provide particular and distinct benefits to each of the assessed parcels within the District. Each assessed parcel within the District receives these benefits and is assessed regardless of property use. In order to ensure that parcels outside of District will not receive special benefits from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District.

Therefore, since the neighboring parcels described above are not consistent with the goals and needs of the PBID, and will not receive any of the improvements or activities, they will not be included in the PBID nor will they derive special benefits from the PBID services and programs. All PBID funded programs and services are considered supplemental above normal base level services provided by the City of Los Angeles and only within the boundaries of the Tarzana PBID.

All identified parcels within the above-described boundaries will be assessed to fund special benefit services, programs and improvements as outlined in this report and the Management District Plan. PBID funded activities will only be provided to properties inside the District boundaries – none outside.

Finding 2. From Section 4(a): “Separate general benefits (if any) from the special benefits conferred on parcel(s). Only special benefits are assessable. “

As stipulated by Proposition 218, assessment District programs and activities may confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to the property owners. For the purposes of this analysis, a “general benefit” is hereby defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special benefit” as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the District or to the public at large.

The property uses within the boundaries of the PBID which will receive special benefits from PBID funded programs and services are currently a mix of retail, office and parking. Services, programs and improvements provided by the District are primarily designed to provide special benefits to identified commercial parcels within the boundaries of the district.

Existing City of Los Angeles services will be enhanced, not replaced or duplicated, by PBID services. In the case of the Tarzana PBID, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the PBID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. These services, programs and improvements, are designed to enhance

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each and every identified District parcel their respective commercial uses, increase tenancy and marketing of the properties in the PBID and improve the aesthetic appearance of streetscape areas adjacent to each identified parcel within the PBID. All benefits derived from the assessments to be levied on parcels within the PBID are for services, programs and improvements directly benefiting each identified parcel within this area and support increased cleanliness, commerce, business attraction and retention, increased property rental income and improved District identity. No services will be provided outside of the PBID boundaries.

The total improvement and activity plan for 2013, which is funded entirely by property assessments, is projected at \$70,629. The costs of providing each of the budget components was developed from actual experience obtained in providing these same services over a 10 year period. Actual service frequency may vary in order to match varying District needs over the five year term of the District. The following detailed services, programs and improvements will provide special benefit to the identified parcels within the PBID boundaries:

Streetscape Services and Improvements **\$ 36,727** **52.0%**

The streetscape services and improvements listed and described below are designed to increase commerce and attract and retain new business and patrons within the PBID boundaries. These services, programs and improvements will beautify and enhance the streetscape areas adjacent to each identified parcel within the District. The benefit to properties from these services is creation of a cleaner, safer and well designed environment for the betterment of commerce. In turn, stakeholder investments will be protected and increased commerce and positive neighborhood activity will result. Because these services, programs and improvements will only be provided to each identified District parcel, they will each constitute "special benefits" to the identified assessed parcels.

Trash Removal: A contract service provider picks up trash twice a week from the special Safari Walk trash receptacles that have been provided by the PBID throughout the District. This service decreases the amount of litter adjacent to each identified District parcel which, in turn, improves each parcel's image and improves commerce.

Landscape Upkeep: Professional landscape crews periodically prune and trim landscaping located in the Tarzana Safari Walk Business Improvement District. This service improves the image adjacent to each identified District parcel which, in turn, improves commerce.

Weed Abatement: Weeds in the streetscape area adjacent to each District parcel are removed as they become unsightly. This service improves each parcel's image which, in turn, improves commerce.

Trash receptacle and medallion repair and replacement: Trash receptacles and medallions in the district are repaired and maintained on a regular basis. This service improves each parcel's image which, in turn, improves commerce.

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STREETSCAPE IMPROVEMENTS

Streetscape improvements will be implemented within the District in an effort to increase pedestrian activity and attract customers to the individually assessed parcels within the District boundaries. The District will work with various City departments and consider a variety of these physical beautification streetscape improvements that will simultaneously aid to brand the District with a unique identity. Such improvements have already been done in other Business Improvement Districts throughout the City by creating unique demarcations for each District and helping them to define their unique District identity from neighboring areas who compete for commerce.

These improvements will include, but are not limited to:

- Decorative District-branded pedestrian crosswalks
- Unique District-branded sidewalk paver installations
- Improvements to street/pedestrian lighting
- Tree plantings for beautification

Because each of the above-described streetscape services and improvements will only be provided within the PBID boundaries and only for the benefit of each identified parcel in the District, they will each constitute “special benefits” to the identified assessed parcels.

<u>District Identity/Marketing and Promotions</u>	\$ 10,594	15%
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This work plan component includes elements such as the continuous development and maintenance of district website, development and distribution of a quarterly newsletter for district stakeholders, and the design, purchase and installation of theme advertising banners for display throughout the district. This work plan component is designed to increase commerce, enhance image and attract new patrons within the PBID boundaries which will provide direct special benefits to each identified parcel and businesses within the PBID. Because these services, programs and improvements will only be provided within the PBID boundaries and only for the benefit of each identified parcel in the District, they will each constitute “special benefits” to the identified assessed parcels.

<u>Administration and Corporate Operations</u>	\$ 16,951	24%
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This program element funds the costs for day to day contract management, preparation of regular PBID related reports, office expenses, legal fees, City/County assessment district fees, accounting/bookkeeping fees, and Directors & Officers and General Liability insurance.

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This component is key to the proper expenditure of PBID assessment funds and the administration of PBID programs and activities which are intended to benefit each parcel within the PBID through increased commerce and the attraction and retention of businesses. Because this program exists only for the direct benefit of each parcel within the PBID and will only be provided for matters occurring within the PBID boundaries, this program constitutes a "special benefit" to each assessed parcel.

Contingency/Reserve

\$6,357 9%

The contingency is used to cover uncollected assessments and unexpected expenditures. Unexpended funds carried over from the previous year are added to this category.

The contingency/special fees/reserve only relates to PBID matters, therefore this program element provides a "special benefit" to the assessed parcels.

The market rate for programs may vary and the budget categories may require adjustments up or down to continue the intended level of services and programs. The Property Owner's Association may make such adjustments, not to exceed 10% annually. Accrued interest or delinquent payments may be expended in any budget category. Any unexpended PBID assessment funds remaining at the end of the current PBID term may be used to develop the renewal Management District Plan and Engineer's Report.

In conclusion, relative to the PBID funded work program, all of the above-described services, activities and improvements work together to create a more pleasing environment within the district that is conducive to strengthening the current and future economic vitality of this area through the attraction and retention of new business, increased commerce and enhanced image adjacent to, and for the direct and special benefit for, each identified District parcel. The programs, improvements and services are designed to specifically benefit identified properties within the PBID boundaries. The proposed PBID assessments will only be levied on identified properties within the PBID boundaries and assessment revenues will be spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these properties. Inasmuch as no services will be provided beyond the PBID boundaries to the surrounding communities or to the public in general, any general benefit is unintentional. It is hereby determined that general benefits, if any, are not quantifiable, measurable, or tangible.

Finding 3. From Section 4(a): "(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

Each identified parcel within the district will be assessed based on property characteristics unique only to that parcel.

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The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified parcel within the district as a whole. Larger parcels and ones with larger street frontages are expected to impact the demand for services and programs to a greater extent than smaller ones and thus are assigned a higher proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified land attributes.

The proportionate special benefit cost for each parcel has been calculated based on optimum proportionate formula components and is listed as an attachment to the Management District Plan and this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) are computed by dividing the individual parcel assessment by the total special benefit program costs.

Finding 4. From Section 4(a): “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the Tarzana PBID, they are also considerably less than other options considered by the Tarzana PBID proponent group. The actual assessment rate for each parcel within the PBID directly relate to the level of service to be provided based on the respective lot size and street frontage of each parcel.

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.....”

There are no publicly owned parcels at this time within the Tarzana PBID. Should any parcels become publicly owned, there is no compelling evidence anticipated at this time that such parcels would not benefit equally to privately owned parcels and, thus, would be assessed in the same manner and rates as private parcels in the PBID.

Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report serves as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the Tarzana PBID.

Finding 7. From Section 4(c): “The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the

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reason for such assessment and the basis upon which the amount of the proposed assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are shown on Appendix 1 to the Management District Plan and this Report. The District and resultant assessment payments will continue for 5 years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed to land area and street frontage within a single benefit zone.

Assessment Formula Methodology

Step 1. Select “Basic Benefit Unit(s)”

PBID assessment formulas typically are based on either property street frontage or parcel and building size or location, all which relate to the amount of special benefit conferred on a particular parcel and the proportionate assessment to be paid. The formula may base assessments on a single factor or a combination of factors.

Based on the specific needs and corresponding nature of the program activities to be funded by the Tarzana PBID (i.e. sidewalk services and improvements; district identity/marketing/promotions; administration/corporate operations; and, contingency/reserve) it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of land area, and primary street frontage. It is noted that street frontage includes primary and secondary frontages for corner parcels excluding any alley frontages. Services will extend along all assessed frontages.

The interactive application of land area and street frontage quantities are a proven method of fairly and equitably spreading special benefit costs of PBID funded services, programs and improvements. Each of these factors directly relates to the degree of benefit each parcel will receive from PBID funded activities.

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on PBID funded activities such as streetscape services, improvements, marketing and promotions and administration. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 90% of the total PBID revenue.

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on PBID funded activities such as streetscape services and improvements. In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate approximately 10% of the total PBID revenue

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The “Basic Benefit Units” will be expressed as a combined function of land square footage (Benefit Unit “A”) and street frontage (Benefit Unit “B”). Based on the shape of the Tarzana PBID, as well as the nature of the District program elements, it is determined that all identified properties will gain a direct and proportionate degree of benefit based on the respective amount of parcel size and primary street frontage within a single benefit zone.

Future Development

As future new development occurs within the District, current property characteristics and parcel configurations may also change. This may occur due to various land related modifications such as new subdivisions, lot line adjustments, reversions to acreage and parcel consolidations. In turn, parcel size and street frontage measurements may also change. Any such modifications will result in recalculation of assessments for new and/or modified parcels based on assessment rates in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Report.

While areas adjacent to the proposed renewed District boundaries are currently or proposed residential land uses and will not be included in the District nor assessed, no residential development is anticipated within the proposed PBID boundaries within the five year renewal term. It is noted that any change in assessment formula methodology or rates other than as stipulated in this Report would require a new Proposition 218 ballot procedure in order to approve any such changes.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties and their respective assessable benefit units, there are 698,691 Benefit Units A and 5,919 Benefit Units B.

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Tarzana PBID was computed from data extracted from County of Los Angeles Assessor records and maps. These data sources delineate current land uses, building areas, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data being used for assessment computations will be provided to each property owner in the PBID for their review. All known or reported discrepancies, errors or misinformation will be corrected.

Step 4. Determine Assessment Formula

Based on the nature of the programs to be funded as well as other rationale outlined in Step 1 above, it has been determined that the Tarzana PBID assessments will be based on land area and primary street frontage. The targeted

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assessment formula component weights are: 90% for Benefit Unit A - land area (92.048353% when adjusted) and 10% (7.952294% when adjusted) for Benefit Unit B - street frontage.

Computing Assessment Formula Unit Costs:

(Benefit Unit "A") = $\$70,629.40 \times 92.048353\% / 698,691 \text{ sq ft} = \$0.09305/\text{sq ft}$ of land area

(Benefit Unit "B") = $\$70,629.40 \times 7.952294\% / 5,919 \text{ lin ft} = \$0.94892/\text{lin ft}$ of primary street frontage

Assessment Rate Schedule and Application:

The assessment formula for commercial parcels is:

$[\text{Land Area (sq ft)} \times \$0.09305/\text{sq ft}] + [\text{Street Frontage (lin ft)} \times \$0.94892/\text{lin ft}]$

Step 5. Estimate Total District Costs

The total District costs for 2013 are projected to be as shown below in Table 1.

TABLE 1
Total 2013 District Costs

Program or activity funded by the Tarzana PBID	% of 2013 Budget	2013 Cost
Streetscape Services/Improvements	52%	\$36,727
District Identity/Marketing/Promotions	15%	\$10,594
Administration/Corporate Operations	24%	\$16,951
Contingency/Reserves	9%	\$6,357
Total	100%	\$70,629

Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)

All benefits derived from the assessments outlined in the Management District Plan and this Report are for supplemental services, programs and improvements directly benefiting the identified properties within the PBID. All PBID funded activities are provided solely to properties within the Tarzana PBID. All services will be delivered only within the boundaries and designed only for the direct special benefit of the identified assessed properties in the PBID. No services will be provided to non-assessed parcels outside the PBID boundaries. Any potential spill over effect is unquantifiable as previously discussed in this report. Thus, all general benefits (if any) within or outside of the PBID, are inadvertent, intangible and immeasurable. Total District revenues are shown below in Table 2.

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TABLE 2

Total 2013 District Revenues

Funding Source	Revenue	% of Total
PBID Assessments	\$70,629	100.00%
TOTAL DISTRICT REVENUE	\$70,629	100.00%

Step 7. Calculate “Basic Unit Cost”

With a Year 1 budget of \$70,629 (special benefit only), the Basic Unit Costs are shown above in Step 4. Since the PBID is being renewed for a 5 year term, maximum assessments for future years (2014-2017) must be set at the inception of the renewed PBID. *An annual flat inflationary assessment rate increase of up to 5% may be imposed each year for Years 2014-2017*, on approval by the PBID Property Owner’s Association. The projected five year work plan costs are shown in Table 3 below.

TABLE 3

Projected Five Year Work Plan Costs*

	2013	2014	2015	2016	2017
Public Rights of Way & Sidewalk	\$36,727	\$38,564	\$40,492	\$42,516	\$44,642
District Identity/Marketing & Promotions	\$10,594	\$11,124	\$11,680	\$12,264	\$12,888
Administration & Corporate Operations	\$16,951	\$17,799	\$18,689	\$19,623	\$20,604
Contingency/Reserve	\$6,357	\$6,674	\$7,008	\$7,359	\$7,727
Total	\$70,629	\$74,161	\$77,869	\$81,762	\$85,861

* The market rate for programs may vary and the budget categories may require adjustments up or down to continue the intended level of services and programs. The Property Owner’s Association may make such adjustments, not to exceed 10% annually. Accrued interest or delinquent payments may be expended in any budget category.

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The maximum assessment rates for Years 2013-2017 are shown below in Table 4.

TABLE 4

Year 2013-2017 Maximum District Assessment Rates (assumes 5% annual increase)

	2013	2014	2015	2016	2017
Land Area Rate (per SF)	\$0.09305	\$0.09770	\$0.10259	\$0.10772	\$0.11310
Frontage Rate (per LF)	\$0.94892	\$0.99637	\$1.04618	\$1.09849	\$1.15342

Step 8. Spread the Assessments

The resultant assessment spread calculation results for each parcel within the PBID are shown in the Management District Plan and were determined by applying the District assessment formula to each identified benefiting property.

APPENDIX 1

2013 ASSESSMENT ROLL

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

APN	2013 Assessment
2160-002-005	\$3,420.81
2160-002-050	\$8,283.83
2160-006-009	\$698.91
2160-006-010	\$782.67
2160-006-011	\$628.64
2160-006-028	\$1,398.37
2160-006-037	\$4,276.64
2160-006-038	\$3,591.97
2160-007-007	\$388.44
2160-007-008	\$625.79
2160-007-010	\$625.79
2160-007-011	\$418.20
2160-007-012	\$1,230.96
2160-007-026	\$421.57
2160-007-027	\$388.44
2160-007-028	\$586.93
2160-007-029	\$663.23
2160-007-032	\$2,158.13
2160-007-034	\$3,483.88

APN	2013 Assessment
2161-008-018	\$3,050.54
2161-008-020	\$3,413.72
2161-008-021	\$1,346.61
2161-015-010	\$674.88
2161-015-011	\$978.57
2161-015-012	\$489.29
2161-015-019	\$4,361.11
2161-016-003	\$493.01
2161-016-004	\$493.01
2161-016-006	\$493.19
2161-016-007	\$677.34
2161-016-050	\$464.31
2161-016-051	\$29.08
2161-016-052	\$1,534.86
2161-017-009	\$1,214.99
2161-017-023	\$1,269.10
2161-017-024	\$1,039.81
2161-026-002	\$14,532.78